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NEWS RELEASE

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"Advance Fee" Lending Scheme Alleged to be Fraud

Canrose Refining took \$130,000 in fees from investor, promising low-interest loans ...

SALT LAKE CITY, Utah – Canrose Refining of Arizona, Inc., and its owner, Michael D. Ostler, of Cedar Hills, were accused today by the Utah Division of Securities of taking \$130,000 from four investors in 2003 based on promises that Ostler and Canrose would get investors millions of dollars in funding via "letters of credit" issued by an unnamed European bank. Investors never received the promised letters of credit and did not receive refunds of their fees. The Division issued an order to show cause seeking an order preventing Ostler and Canrose Refining from any further violations of the law and fines of \$500,000.

The order to show cause alleges that people who paid an up-front fee would receive letters of credit from a bank in Europe. Ostler is alleged to have told investors they could withdraw money from the letter of credit and use the funds for making loans, investing, purchasing real estate, or paying debts. When the letter of credit matured in two years, any profits the investors earned from using the letter of credit would be split between the investors and Canrose. For an up-front fee of \$15,000, investors were promised letters of credit for \$2.5 million. One investor was later told that an additional \$5,000 would result in a second letter of credit for \$8.3 million.

Ostler is alleged to have told investors Canrose was in the gold mining business and had a business partner, Louis Bilhete, that was a multi-billionaire and an expert in letters of credit. Ostler claimed his father, brother, and friends were using letters of credit and that letters of credit to other investors had already funded. One of the investors was a 73-year-old widow who lived on a fixed income. Her investment was made from a \$40,000 home equity loan urged by Ostler.

According to the Division, the money raised from investors was used for Ostler's personal expenses including over \$14,600 spent on gas, travel, and food, \$17,100 withdrawn as cash, \$3,300 paying utility bills, \$17,000 on payments to relatives or transfers to other accounts, and \$10,000 paid to a car dealership. None of the investors received the promised letters of credit.

The Division alleges that Canrose and Ostler engaged in securities fraud by falsely promising the investors would receive a letter of credit, stating that Ostler had a multi-billionaire partner, and that other loans had funded. Investors were not told that Ostler had filed for bankruptcy twice in the prior two years and had outstanding judgments against him totaling more than \$300,000.

A hearing will be held on November 19, 2007 to determine whether Ostler and Canrose dispute the Division's allegations.